

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1986
ANSWERED ON:15.03.2002
BANK OF PUNJAB .
M.H. AMBAREESH

Will the Minister of FINANCE be pleased to state:

- (a) whether the news of poor financial health of Bank of Punjab spread panic in Punjab and Rajasthan and forced the customers to withdraw their deposits;
- (b) if so, the details thereof;
- (c) whether though the rumour about the closure of the Bank of Punjab started in the morning and people started withdrawing deposits, the bank Management failed to take any remedial measures;
- (d) if so, the reasons for not acting promptly; and
- (e) the action taken by RBI in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI BALASAHEB VIKHE PATIL)

(a)&(b): According to Reserve Bank of India (RBI), media report on 7th and 8th February, 2002 that Bank of Punjab Ltd. was facing financial strain resulted in an immediate rush for premature withdrawals of deposits from some of its branches in the Abohar belt of Punjab and Sriganaganagar district in Rajasthan. The net withdrawals in the bank on 7th February, 2002 was Rs.10.26 crore and on 8th February, 2002 was Rs.100.18 crore.

(c),(d)&(e): No Sir, Bank of Punjab Ltd. made immediate arrangements to provide cash to the affected branches to instill confidence among the depositors. As a result the situation was brought under control on 8th and 9th February, 2002 and deposits withdrawn by the people started flowing back into the same branches gradually.